

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1156-02  
Bill No.: SB 420  
Subject: Retirement - Schools; Education, Elementary and Secondary  
Type: Original  
Date: February 17, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>(\$2,062,389)</b>	<b>(\$2,062,389)</b>

**\*Does not reflect unfunded accrued actuarial liability of \$19,096,000 to Public School Retirement System and \$3,315,000 to the Non-Teacher Retirement System.**

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

The **Joint Committee on Public Employee Retirement** indicates that this legislation does represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of the Senate and 3) the Joint Committee on Public Employee Retirement as public information for at least five (5) legislative days before final passage of the bill.

An actuarial cost statement for provisions contained in this legislation has not been filed with the Joint Committee on Public Employee Retirement. It is impossible to accurately determine the fiscal impact of this proposed legislation without an actuarial cost statement prepared in accordance with Section 105.665.

ASSUMPTION (continued)

Officials with the **Department of Elementary and Secondary Education and Department of Insurance** assume no fiscal impact to their agency.

Officials from the **Public School Retirement System** assume this proposal would extend the 25 and out retirement option to PSRS members permanently and result in a UAAL increase of \$19.096 million and a contribution rate increase of 0.12% (22.34% from 20.68%).

The proposal would enable members in NTRS to choose the 25 and out option until 2008. This would result in a contribution rate increase from 10.80% to 10.83% and an UAAL increase of \$3.315 million.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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Costs - School Districts

Employer Contributions	<u>\$0</u>	<u>(\$2,062,389)</u>	<u>(\$2,062,398)</u>
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**\*Does not reflect unfunded accrued actuarial liability of \$19,096,000 to Public School Retirement System and \$3,315,000 to the Non-Teacher Retirement System.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act extends the 25-and-out provisions for the Public School Retirement System (PSRS) and the Non-Teacher Retirement System (NTRS) from 2003 to 2008.

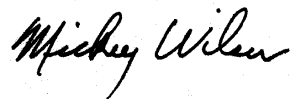
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DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Department of Elementary and Secondary Education  
Public School Retirement System  
Department of Insurance

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 17, 2003